DOCUMENT RESUME

ED 211 783 CE 031 067

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TITLE	Getting Down to Business: Bookkeeping Service, Module 19. Teacher Guide. Entrepreneurship Training Components.
INSTITUTION	American Institutes for Research in the Behavioral Sciences, Palo Alto, Calif.
SPONS AGENCY	Office of Vocational and Adult Education (ED), Washington, D.C.
PUB DATE	May 81
CONTRACT	300-79-0535
NOTE	28p.; For related documents see CE 031 026-101 and CE 031 324.
AVAILABLE FROM	Wisconsin Vocational Studies Center, 964 Educational Sciences Bldg., Madison, WI 53706 (Order No. ETC100K2, $3.00. 25% discount on 100 or more of same title. Complete set--ETC100--$200.00).
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Administrator Role; Advertising; *Bookkeeping; *Business Administration; *Business Education; *Business Skills; Financial Support; Information Sources; Learning Activities; Learning Modules; *Money Management; *Recordkeeping; Salesmanship; Secondary Education; Teaching Methods
IDENTIFIERS	*Entrepreneurship; *Small Businesses

ABSTRACT

This is the nineteenth in a set of 36 teacher guides to the Entrepreneurship Training modules and accompanies CE 031 066. Its purpose is to give students some idea of what it is like to own and operate a bookkeeping service. Following an overview are general notes on use of the module. Suggested steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are Planning a Bookkeeping Service; Choosing a Location; Getting Money to Start; Being in Charge; Organizing the Work; Setting Prices; Advertising and Selling; Keeping Financial Records; and Keeping Your Business Successful. Each unit contains a case study; responses to individual activities; responses to discussion questions; and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

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Entrepreneurship Training Components

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ED211783

GETTING DOWN TO BUSINESS:

Bookkeeping Service

Module 19

Teacher Guide

CE031067

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GETTING DOWN TO BUSINESS:

Bookkeeping Service

Norma Shapiro

May 1981

Developed at the American Institutes for Research
under support from the
Office of Vocational and Adult Education
U.S. Education Department

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OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Office of Vocational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possibility. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics, Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate a bookkeeping service. Students will have an opportunity to learn about the kinds of activities and decisions a bookkeeping service owner is involved in every day. While the module is not a complete "how-to" manual, the individual lessons will provide your class with the chance to practice many of these activities and decisions.

Today, owners of small businesses face many problems--some minor, some not so easily taken care of. These problems are reflections of the changes our society is going through. While this module cannot address itself to all of them, the discussion questions at the end of each unit are designed to give students an opportunity to explore possible solutions.

You may want to present this module after completing Module 1, Getting Down to Business: What's It all About? Module 1 is a 16-hour program

covering a more in-depth approach to owning any small business. The terms introduced in Module 1 are used in this module with a restatement of their definitions. Also, the forms used are the same, with some minor changes to fit the bookkeeping service business specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

Content Organization

Each unit of the module contains the following:

1. Divider Page--a list of what the student should be able to do at the end of that unit.

2. Case Study--an account of a business owner in the field.

3. Text--three to four pages outlining business management principles introduced in the case study but focused more on the student.

4. Learning Activities--three separate sections, including:

   a. Individual Activities--finding information given in the text or applying information in the text to new situations.

   b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.

   c. Group Activity--taking part in a more creative and action-oriented activity; some activities may focus on values clarification.

General Notes on Use of the Module

Instructional Time:	Each unit = 1 class period; total class periods	= 9
	Introduction, quiz, summary	= 1
	Total instructional time	= 10 class periods

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional approach. Depending on the nature of your classroom setting and the

students' abilities, you may want to present the case study and text by instructional means that do not rely on students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations.

No particular section of the module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. Assume that students will obtain more job training and business experience before launching an entrepreneurial career.

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

SUGGESTED STEPS FOR MODULE USE

Introduction (15 minutes, or integrate within first hour of Unit 1)

I. In introducing this module, you will probably want to find out what students already know about the bookkeeping service business.

- What types of services would a bookkeeping service offer (e.g., recording money transactions, completing income tax forms, financial consulting)?
- Who would use a bookkeeping service (e.g., small businesses that don't need a full-time bookkeeper, private individuals)?
- What personal qualities are necessary to run a bookkeeping service (e.g., having a sense of humor; being able to work under pressure; providing accurate, prompt service; respecting the confidentiality of your clients)?

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:

- To increase students' awareness of small business ownership as a career option.
- To acquaint students with the skills and personal qualities bookkeeping service business owners need to succeed.
- To acquaint students with the kind of work small business owners do in addition to using their vocational skills.
- To expose students to the advantages and disadvantages of small business ownership.

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning a Bookkeeping Service (1 class period)

I. Vocabulary: notary public
double-entry books
profit/loss statements
being bonded

Case Study: Susan Haskell talks about the excitement of starting her own business. She talks about helping other businesses.

Text: What Does a Bookkeeping Service Do?
Who Will Come to You?
Is There Room for You?
Is Running a Bookkeeping Service for You?
Personal Qualities--Will You Like It?
How to Compete Well--Or, Service Means Service
Legal Requirements

Optional Points to Present:

You may want to tell students that while everyone can learn to be a bookkeeper and run a service, they may not like it. The purpose of this module is to give students an idea of what it is like to own a bookkeeping service so they can understand the problems and rewards of owning a small business such as this.

II. Responses to Individual Activities

1. a and c

2. Be able to keep books on all the money transactions of a business or individual, be able to compute tax return statements and to use different tax schedules, and be able to operate your own business (hire workers, advertise, etc.).

3. In addition to knowing how to keep books, you also need to manage people, do market reasearch and planning, create advertising, etc.

4. Working in an established bookkeeping firm or working in a business and being responsible for all the bookkeeping duties.

III. Responses to Discussion Questions

1. This is a desk job rather than an active one; you may work alone or with only one or two employees rather than working in an office with a lot of people; it's a quiet job that requires a lot of concentration; there's no steady paycheck in running a service; it's not "glamorous."

2. The sex of the business owner shouldn't make any difference. What is necessary is being able to keep books accurately, being well organized, and being able to run a business.

3. Be sympathetic with Rob, but don't let him occupy too much of your time.

4. In keeping books for a business, you are exposed to its most intimate aspects--how well it is doing, where the problem areas are. You may frequently find yourself in a counseling position. However, you must also maintain a degree of detachment. Remember, the business owner is responsible for making decisions regarding how to run the business, not you, the bookkeeper.

IV. Group Activity

This activity is designed to acquaint students with a real-life bookkeeping service owner. The principles in the text regarding the characteristics and responsibilities of bookkeeping service owners should be reinforced by the students' personal contact with such a person.

A list of questions for the visitor should be prepared beforehand. The topics should cover the nine units of this module. This activity could be used at the end of any unit rather than after Unit 1. In fact, this activity could also be used at the very end of the module as a final activity. It will probably require extra classroom time.

Unit 2 - Choosing a Location (1 class period)

I. Vocabulary: Chamber of Commerce

Case Study: Susan talks about finding the right location, the possible opportunity of beginning in your home, and moving to a larger space.

Text: You Come First
Next Comes the City
And Last, the Right Spot Within That City

Optional Points to Present:

- You may want to discuss other general factors in selecting a community: makeup of population by age groups, growth rate of the town and area, labor conditions, nature and prosperity of industries.

- Other factors to consider when selecting a location for an office are rent and insurance rates, appearance of existing

buildings, zoning restrictions, position of location within the block.

II. Responses to Individual Activities

1. b

2. Looking in the want ads indicates whether there is a need for bookkeepers and, hence, bookkeeping services.

3. There is no office rent, so your operating expenses are lower; and it's convenient.

4. a

III. Responses to Discussion Questions

Responses to both questions will depend on the local situation. The city chosen as the best location should be selected based on the number of existing services (the higher the number, the higher the risk), the number of potential clients in the area (the more, the lower the risk), and the number of personal contacts students have in each location. The city selected should be that in which the greatest need and least competition exist.

You may have to provide some background information to students regarding the population and growth patterns of local towns (see almanac or census figures). The amount of new construction underway in a town is also an indication of growth.

IV. Group Activity

Responses to this activity will depend on student preferences and factors suggesting high demand for services and low competition.

Unit 3 - Getting Money to Start (1 class period)

I. Vocabulary: loan officer

Case Study: Susan talks about getting more money from a bank. She discusses the importance of asking for what you need.

Text: The Business Description
The Business Description That Got Susan Her Money
Just How Much Money Do You Ask For?
Equipment
The Fudge Factor
Costs of Opening an Office

Optional Point to Present:

- A personal resume would also have to accompany the business description and the statement of financial need. You may want to bring in examples and discuss how to write a good resume.

II. Responses to Individual Activities

Both the business description and the statement of financial need will vary greatly with students. The description should contain all the parts listed in the text. The figures in the statement of financial need should fall within the ranges presented in the text. Remind students that the bank expects the owner to contribute about half of the start-up money.

III. Responses to Discussion Questions

1. Most businesses don't show a profit for at least six months to a year, so it would be unwise for Amanda to guarantee her uncle money within six months. Amanda should try to get a bank loan and plan to invest at least part of her savings (up to half of the total start-up money needed).

2. In the past, single women have been at a disadvantage in establishing a line of credit. This is changing. Susan should answer the questions on the bank's form; this information should be used only to establish whether she has any financial obligations as a result of her former marriage.

IV. Group Activity

"Loan applicants" should evaluate themselves on their poise, knowledge about their business, and logical presentation of their plans. "Loan officers" should analyze whether they asked all the appropriate questions, did a good, critical analysis of the information, and acted in a professional but friendly manner.

Unit 4 - Being in Charge (1 class period)

I. Vocabulary: benefits
wages
work references
interview

Case Study: Susan talks about the way she decides to hire someone.

Text: Hiring People to Work for You--a Big Change
Who Will Fill Your Needs?--Writing the Job Description
Eeny-Meeny-Miny-WHO?
Training the New People
A Last Word

Optional Points to Present:

- You may want to talk with your students about want ads, public and private employment agencies, and bulletin boards.

- There are many other aspects of the employee-employer relationship that you may want to cover--e.g., people asking for raises or for time off. You may want to role play these situations.

- You may want to discuss the importance of good communication.

II. Responses to Individual Activities

1. Reasons to hire an employee--Being able to handle more business; relieving the pressure on you, the owner; hiring someone to handle "ordinary" activities so you can devote time to the special things that you do best, like getting more clients. Disadvantages--The paperwork involved; the time involved in writing a job description, interviewing applicants, training employees, and supervising the quality of their work; dealing with personnel problems such as tardiness, or low quality of work, and personal/emotional problems.

2. State Employment Agency, private employment agencies, want ads in newspapers.

3. It may be a disadvantage to have people "drop in" without calling first. On the other hand, it may be an advantage to have people know your location so they will know how far they will have to travel.

4. Yes--Some people prefer to work in an impersonal setting. Telling applicants you want to have a "friendly office" lets them know more about you.

5. Answers will vary, depending on student preferences. Hiring someone different from herself was important to Susan because she wanted to learn from the other person; she wanted to be able to discuss interesting topics that would give her a break from "shop talk."

6. Possible discussion topics are: math ability, previous bookkeeping experience, neatness, ability to relate to clients, being handicapped, openness to being trained. Roberta would probably be the best applicant. Her math test was higher, and she has had some bookkeeping and advanced math classes. Although she has not had any work experience, she does have an A average. She also has an interesting personal history. Sue Chow is probably equally qualified and has more work experience, but she has a history of illness. If she can bring a letter from a doctor giving her a clean bill of

health, she might be a good risk. Sid did poorly on the test and wants a higher salary than Susan is offering. He'd probably be the least likely candidate.

III. Responses to Discussion Questions

1. Most business owners frown on making social arrangements through the company; they say an employee should be doing his or her job and that "social overtones" can be distracting and get in the way of taking care of business. However, some owners think that it actually helps business by making clients have positive feelings about a particular bookkeeping service. Encourage students to express their opinions.

2. Answers will vary. One possibility is to mention to the employee that you feel it is a good time to go over the work she has been doing. Arrange to do this first thing the next morning, and ask her to think about the problem areas that she would like clarification on.

IV. Group Activity

Here are some "Do's" and "Don'ts."

Do	Don't
Give the employee a warning--be specific about what you don't like	Discuss the situation with anyone else
Tell the person in private	Let the employee talk you out of firing him or her
Tell the person the reason(s) for being fired	Let the employee train his or her replacement
Be nice but firm	
Give some termination pay	

Unit 5 - Organizing the Work (1 class period)

I. Vocabulary: W-2 reconciliations
Cost analysis
Profit ratio

Case Study: Susan talks about the individual differences of her clients. She also talks about different deadlines she has during the year.

Text: Setting up Your Clients
Setting up Yourself
Setting up Your Workers
What Work Comes First?
Keeping Track of It All
And Finally...Your Library

Optional Point to Present:

Good organization comes from experience. You may want to discuss with your students how it is possible to take on too much work.

II. Responses to Individual Activities

1. Each client should be treated individually because each one has different needs. This makes your work more difficult; using the same forms as much as possible will help.

2. Susan cannot charge her customers for "non-billable" tasks because they do not pertain to any one customer but to her business as a whole. Examples include modifying her advertising strategy or ordering supplies. However, she needs to keep track of these "non-billable" expenses so she can use them in calculating her break-even point. She also needs to keep track of her workers' efficiency as well as her own; her business will not thrive if the majority of any one person's time is devoted to "non-billable" tasks.

3. Monthly clients provide a steady work load from month to month, as well as a steady income. It is easier to establish a regular routine with monthly clients. Also, it is easier to keep books up to date on a monthly basis rather than doing all calculations on a quarterly or yearly basis.

III. Responses to Discussion Questions

1. Responses will range from, "I would never do that" to, "That's what everyone does; as long as I wouldn't have to sign the return, it's all right with me." This is a good opportunity for values clarification. Remind students that audits do occur, however, and that a little "fudging" here and there may earn you a shady reputation.

2. Ira is your client, not Mrs. Moaner. Unless the two of them are partners in the business, tell Mrs. Moaner that it is your policy to deliver business statements only to the business owner (unless he or she has given you written permission to turn them over to someone else) and that there are always things to discuss personally with Mr. Moaner every month. You'd prefer to set up an appointment with him. If she insists, tell her you'll give her the statements if Mr. Moaner gives you an okay by telephone.

IV. Group Activity

Time estimates will vary. Stress to students that an important aspect of business management is setting priorities. By spending less time on or delaying less important items (such as reading "junk mail"), more important tasks can be taken care of.

Task #3 (your client) is of highest priority, then #4 (your employee), then #1 (payroll checks). These all should be done on that day.

Unit 6 - Setting Prices (1 class period)

I. Vocabulary: break-even point
profit
the "going rate"
billable hours
prestige
reputation

Case Study: Susan tells how difficult it is to be "fair" when deciding on prices.

Text: The Questions to Ask
What do others charge?
The break-even point
Charging by the hour or by the month
More on riding the price elevator
Setting up the price agreement
A Final Note--Tax Season

Optional Points to Present:

- You may want to discuss ways in which owners of small businesses cope until they begin to show a profit.

II. Responses to Individual Activities

1. The break-even point is the point at which a business owner has made enough in revenues to meet his or her monthly expenses without making any profit.

2. Services run out of a home have lower operating expenses, since they don't have any of the expenses of maintaining an office (e.g., office rent, utilities, cleaning service, transportation to and from the office). Therefore, it would be possible to charge less and actually make more profit.

3. Losses due to theft, unpaid bills, equipment depreciation, and money spent on vacation time and sick leave.

4. Energy and time have to be invested in staying up to date on federal and state tax laws. The bookkeeper also charges more because of the extra work to be done during this time span--especially since all clients have the same time deadline.

III. Responser to Discussion Questions

1. Some (women) business owners may feel that they are not "bona fide" business-people, so they may tend to charge less for their services. This can be prevented by shopping around to determine what the "going rate" is. When they see what a number of other bookkeeping services are charging, they should not be reluctant to charge comparable rates.

2. The response is not clearcut. On the one hand, a new business owner may do well to undercut the competition and attract some business away from them, especially if it appears that Harold's books will be easy to keep. However, it might be better to sit down with Harold and show him how you determined your break-even point and the reasonable profit margin you added--then stick to your rate of $13/hour!

3. Your profits will clearly sag if James starts taking business away from you. It will probably be necessary for you to:

   a. try to maintain your business volume, perhaps by lowering your rates; and

   b. hold operating expenses down as much as possible.

   After a "trial period" to see how well James does, you may be able to determine "unique features" of your service that will appeal to some clients, enabling you to raise your rates to their previous level.

IV. Group Activity

The purpose of this activity is to give students practice in the break-even method of pricing.

Hourly rate for monthly expenses -	$3.86
Hourly rate for yearly expenses -	.97
Hourly rate for "unbilled" expenses -	.24
TOTAL expenses/hour =	$5.07

You need to make $5.07/hour to break even. You could add some for profit and charge $6/hour. However, given the fact that you only have five clients and thus will probably not be able to fill all your billable hours, you might want to charge $7/hour so you make more for the hours you do bill. In this manner, you also will be able to wait longer before raising your rates. (These rates are very low for a bookkeeping service.)

Unit 7 - Advertising and Selling (1 class period)

I. Vocabulary: professional; professionalism
ethics

Case Study: Susan talks about word-of-mouth advertising. She also talks about her experience going door to door.

Text: A Bookkeeping Service Is Different (being a professional)
Tell Everyone--Even Your Mother
Get a Yellow Pages Ad
Go Out and Meet Potential Clients
Get Out and Get Around

Optional Points to Present:

You may want to have the students role play the new owner going out to introduce her- or himself to potential clients.

II. Responses to Individual Activities

1. Students should include the five main parts in their ads. Ads should be simple, attractive, informative, and "catchy." The illustration should project an image that will appeal to the targeted customers (doctors, lawyers, small business owners, etc.). The most important information should be the most prominent in the ad. Ads should also have a certain amount of "white space." Overly cluttered layouts are unappealing to readers and tend to confuse them regarding what information is important. In summary, ads should be creative and organized.

2. Have students share what they have learned about prices for different sizes of ads.

3. Besides having an ad in the Yellow Pages, you will have to go out and introduce yourself to the businesses near you; you should also join clubs and groups that interest you. Word-of-mouth advertising is something your customers do to help bring in business. You can promote word-of-mouth advertising by doing a high-quality job in a friendly and professional manner.

III. Responses to Discussion Questions

1. Most people will obtain referrals for a bookkeeper through professionals with whom they are already doing business. For example, the recommendations of people involved in finances, such as accountants, loan officers, and insurance agents, will have credibility.

2. Mark should freely distribute his business card to all the businesses located near his office. He should also try to make selective visits to the doctors with whom his wife works. Doctors with admitting privileges to a hospital may

very well have a private practice that could use a bookkeeping service.

IV. Group Activity

Bookkeeping services need to promote an image of integrity. Therefore, they should focus their advertising campaigns on high-quality rather than discount services.

Community activities could include participation in sports, clubs and classes that you enjoy and that would also give you contacts with professionals and business owners. You could also teach a class at the local high school or do service work at the hospital or in the P.T.A. You could help collect for the Heart Fund or set up a small scholarship fund for the local high school's most promising bookkeeping student.

Unit 8 - Keeping Financial Records (1 class period)

I. Case Study: Susan talks about the importance of keeping one's own records straight.

Text: How to Bill
Keeping Track of the Work
The Daily Cash Sheet--More Practice

Optional Point to Present:

- This unit was designed primarily for use by students who have not had any bookkeeping experience. If you are presenting this module to bookkeeping students, you may want to skip this unit.

II. Responses to Individual Activities

1. Susan will promote her image of integrity by recording for Simon's how many hours are spent doing the books each month. This is especially important since she bills Simon's for tax forms preparation separately. This will also help her if she decides to change her pricing system.

2. Simon can deduct the amount of money he spends for income tax preparation; this is more advantageous than deducting tax preparation as a general business expense along with his monthly bookkeeping fees.

3.

DAILY CASH SHEET

Cash Receipts		Cash Payments	
Sales	$959	Salaries	$___
		Building Expenses	___
		Equipment and Furniture	560
		Inventory or Supplies	___
		Advertising	___
		Other	83
TOTAL CASH RECEIPTS	$959	TOTAL CASH PAYMENTS	$643

III. Responses to Discussion Questions

1. The advantage of signing the check is that the bookkeeper is certain that the check will actually be processed and sent to the payee; the disadvantage is that the client could protest a certain payment, claiming that the expenditure had not been approved.

2. Answers will vary. Things to look for in a business or private individual before offering credit are past track record and business/personal assets.

IV. Group Activity

Of course, credit should be given to people on the basis of their projected ability to pay their bills rather than on the basis of their sex or ethnicity. In the past, women and minorities have felt that they were denied the ability to exercise their full business potential by being denied credit unfairly.

Unit 9 - Keeping Your Business Successful (1 class period)

I. Vocabulary: profit/loss statement
revenue
expenses
profit ratio
expense ratio
computer tax service

Case Study: Susan talks about taking courses and joining a computer service.

Text: The Profit/Loss Statement
What Is Net Profit?
Figuring Your Profit Ratio
How Can More Revenues Sometimes Be Less Profit?
Is There an R-2-D-2 in Your Future?

Optional Point to Present:

- This unit, like the last, was designed primarily for use by students who have not had any bookkeeping experience. If you are presenting this module to bookkeeping students, you may want to skip this section.

II. Responses to Individual Activities

1.

TWO-YEAR PROFIT/LOSS STATEMENT				
	Year 1		Year 2	
	$	%	$	%
Revenues	$50,000	100%	$60,000	100%
Expenses				
Salaries	10,000		13,500	
Building Expenses	7,000		7,000	
Supplies	1,500		1,600	
Advertising	3,500		3,400	
Computer Services	250		1,250	
Other	2,750		3,250	
TOTAL	$25,000	50%	$30,000	50%
Net Profit	$25,000	50%	$30,000	50%

2. The profit ratio remained at 50% for both years. The profit dollars rose in year 2, so it was the better year.

3. You can take advanced bookkeeping courses at junior colleges, state colleges, and universities. You can also take a course in computer programming so you can expand the services offered to your clients.

III. Responses to Discussion Questions

1. By staying small, a bookkeeping service does not have to add new equipment and new employees. In a sense, it is not adding more responsibilities.

2. Losing her father's support is, however, a problem Susan will have to deal with. Hopefully, she can explain why she did what she did.

Susan's increased expenditures in year 2 were aimed at future growth. The addition of a part-time employee, her

expanded knowledge, and use of a computer service should enable Susan's profit margin to increase in year 3.

IV. Group Activity

Allow time for students to discuss their point totals. Again, there are no "correct" answers. Rather, this is an opportunity for students to discuss how they feel about running a bookkeeping service as opposed to working as a bookkeeper.

Summary (30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap-up activities.

Emphasize major points of the module such as:

- Running a bookkeeping service is a small business opportunity for a person interested in bookkeeping and other business services, but it must be planned and located carefully for it to be successful.
- Previous bookkeeping and business experience and a genuine liking of people are helpful qualities for a bookkeeping service owner to have.
- Hiring and keeping top quality bookkeeping personnel is a key part of running the business well.
- Keeping the customers--small businesses, private individuals, etc.--satisfied with your service is also vitally important.
- The needs of your clients and your available technology may change over time. Knowing how to analyze the business and to make necessary changes are important ways to keep the business successful.

Remind students that their participation in this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own business. More training and experience are necessary. You can suggest at least these ways of obtaining that experience: one way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges are starting to offer AA degrees in entrepreneurship).

This would be a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify with the characters portrayed in the case studies? How do they feel about the learning activities?

If possible, use a final wrap-up activity to help students apply what they have learned in the module. Possible ideas include the following.

- Have students discuss or write about how they see themselves owning a bookkeeping service now that they know more about it. If time runs short, students could do this on their own time as a means of self-assessment.

- Use one or more of the Group Activities that were not done earlier. (The first one, in Unit 1, "Visit to Class by the Owner of a Bookkeeping Service," might be particularly appropriate.) Feel free to combine, expand, and adapt the activities so that students can consider a more complete picture of running a bookkeeping service.

Quiz (30 minutes)

The quiz may be used as an assessment instrument or as an optional study tool for students. If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. Possible responses include small business owners who are setting up their system or who need regular help; other business people who need special advice; private individuals who need income tax help; etc.

2. Possible responses include: ability to do double-entry bookkeeping, knowledge of tax laws, and business management skills (hiring, advertising, etc.).

3. b

4. b

5. c

6. Possible responses include: name of owner and business; type of services provided; location; potential customers; competition; and strategy for success (ways to stand out from the competition).

7. b

8. a

9. a

10. $12,500

11. Possible responses include: competitors' prices; your operating expenses (or your break-even point); your desired profit; how much your customers can afford; special services you offer; and the general state of the economy.

12. d

13. a

14. c

15. Customer's name, rate charged, date, description of work done, hours of work done, amount charged, amount of payment received, and amount still due (balance).

16. b

17. a. Net profit = $30,000
    b. Profit ratio = 60%
    c. Expense ratio = 40%

18. Increase sales, raise prices, reduce expenses, or expand services.

19. Do more advertising, lower prices, or offer special services.

SUGGESTED READINGS

Holt, N., Shuchat, J., & Regal, M. L. Small business management and ownership. Belmont, MA: CRC Education and Human Development, Inc., 1979.

Jeanneau, J. A. Small business management: Instructor's manual (4 vols.). Prince Albert, Saskatchewan: Department of Manpower & Immigration, Training Research and Development Station, 1973.

National Business Education Association. Business ownership curriculum project for the prevocational and exploratory level (grades 7-9): Final report. Reston, VA: Author, 1974.

Nelson, R. E., Leach, J. A., & Scanlan, T. J. Owning and operating a small business: Strategies for teaching small business ownership and management. Urbana, IL: University of Illinois, Department of Vocational/Technical Education, Division of Business Education, 1976.

Rowe, K. L., & Hutt, R. W. Preparing for entrepreneurship. Tempe, AZ: Arizona State University, College of Business Administration, 1979.

GOALS AND OBJECTIVES

Goal 1: To help you plan your bookkeeping service.

Objective 1: Describe the services, clients, and competition of a bookkeeping service.

Objective 2: List three personal qualities a bookkeeping service owner might have.

Objective 3: List three ways that a bookkeeping service might be special.

Objective 4: List two of the legal requirements you might have to consider before opening.

Goal 2: To help you choose a good location for your service.

Objective 1: List three things to think about in deciding where to locate your business.

Objective 2: Pick the best location for a bookkeeping service from three locations.

Objective 3: Decide whether your city or town would be a good location for a bookkeeping service.

Goal 3: To help you plan how to get money to start a bookkeeping service.

Objective 1: Write a business description for your business.

Objective 2: Fill out a form showing how much money you will need to start this business.

Goal 4: To help you choose the people who work for you.

Objective 1: List the information needed on a job description.

Objective 2: Choose the best person to work at your service from a list of three.

Objective 3: List two ways to put your new employees at ease.

Goal 5: To help you organize the work of a bookkeeping service.

Objective 1: Fill out a customer work order form.

Objective 2: Estimate the amount of time particular jobs will take.

Goal 6: To help you decide how to set prices for your bookkeeping service.

Objective 1: List three things to consider in setting prices for your service.

Objective 2: Set prices for your bookkeeping service after being given certain facts.

Goal 7: To help you learn different ways to advertise and sell your bookkeeping service.

Objective 1: Pick a good way to advertise a new business given a set of facts.

Objective 2: Design a printed ad for your bookkeeping service for the Yellow Pages of a telephone book.

Goal 8: To help you learn how to keep financial records for a bookkeeping service.

Objective 1: Compute how much a client owes you and fill out the bill.

Objective 2: Fill out a daily cash sheet that records money coming into and going out of the business.

Goal 9: To help you learn how to keep your business "in the black."

Objective 1: Figure out the net profit, profit ratio, and expense ratio after being given a specific business situation.

Objective 2: Tell at least one way to increase profits in a business that is losing money.

Objective 3: Tell a way to learn more about advanced bookkeeping.

GPO 791-760/277